



Press release

1 April 2010

### **Debt charity urges Brits to ‘Spring Clean’ their finances**

People are being urged to give their finances a ‘Spring Clean’ this Easter - to help avoid the financial strain many across the country are facing.

Debt Advice Foundation, a national debt charity, finds that people often fall into the pitfalls of debt because of money management issues – and is therefore calling on people to spare some time for their finances.

The charity has found that on average, people who have contacted its helpline are juggling payment commitments with more than seven creditors and have £29,436 of unsecured debt (not including mortgages and other secured credit); with many struggling to keep up with payments.

David Rodger, Managing Director of Debt Advice Foundation said: “Busy lifestyles and family commitments make it easy for people to lose track of their finances, which can often lead to debt and cash-flow problems.”

The latest insolvency figures show that personal insolvency reached its highest ever level in 2009<sup>1</sup>, as people resort to Bankruptcy, Individual Voluntary Arrangements (IVAs) and Debt Relief Orders (DROs).

David adds: “In many cases, serious debt problems start as money management issues or overspending. That’s why it’s so important to stay on top of money matters; and spending an hour ‘Spring Cleaning’ your finances could prove to be an extremely good investment of your time.”

Here is Debt Advice Foundation's step-by-step guide to help people 'Spring Clean' their Finances this Easter:

- 1. Calculate your monthly income:** Such as wages, job seekers' allowance, income support, child benefit, tax credit and pensions etc.
- 2. Make a list of your outgoings:** Such as mortgage payments, rent, council tax, water rates, energy bills, housekeeping, travelling expenses, clothing and child care etc.
- 3. Look at what you owe:** Including debts on credit cards and loans, as well as mortgage arrears and other payments which you have fallen behind on.
- 4. Establish your budget:** Debt Advice Foundation has a free 'Budget Calculator' tool on its website, which will calculate all your income and outgoings, so you can see what is left over or whether you are overspending.
- 5. Take action:** Your budget may enable you to start saving some of your surplus income, it could also highlight areas where you could reduce some of your outgoings and in some cases it may indicate that debt advice should be sought.

Debt Advice Foundation's online Budget Calculator tool, as well as a Debt Analyser and Money Management Guide, are free and available to use at [www.debtadvicefoundation.org/help](http://www.debtadvicefoundation.org/help)

One-to-one debt advice is available from Debt Advice Foundation's counselling team on 0800 2922077.

## Ends

**Photo Caption:** 'People urged to Spring Clean their finances this Easter'

Note: Image of David Rodger, Managing Director of Debt Advice Foundation is available on request.

Further information:

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## Editors Notes

<sup>1</sup> There were 134,142 individual insolvencies in England and Wales in 2009, equating to approximately 1 in every 320 adults (or 0.31%) and an increase of 25.9% from 2008.

Source: The Insolvency Service, 5 February 2010.

<http://www.insolvency.gov.uk/otherinformation/statistics/201002/index.htm#tables>

Insolvency Service statistics show that there were 107,288 personal insolvency filings in the whole of 2006 – (previously the highest annual figure since records began)

<http://www.insolvency.gov.uk/otherinformation/statistics/historicdata/HDmenu.htm>

## **About Debt Advice Foundation**

- Debt Advice Foundation's telephone helpline service is available six days a week on 0800 2922077, lines are open from 8am-8pm Mon-Fri and 9am – 5pm on Saturdays.
  
- Debt Advice Foundation is a registered charity, with the following objectives:
  - Provide free, impartial and appropriate advice to people with unaffordable debt.
  - Help people with debt problems to gain free access to solutions that will help them.
  - Promote the education of young people in money management so as to reduce the likelihood they will mis-use debt later in their lives.
  - Undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider UK economy.
  - To use this evidence to become a force for beneficial change within the credit and debt solutions industry and to work with government to bring about legislative change to benefit UK consumers.
  
- Debt Advice Foundation features on the FSA (Financial Services Authority) consumer website – Money Made Clear ([www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)) and Direct Gov ([www.direct.gov.uk](http://www.direct.gov.uk)) as a source of free and impartial debt advice.